



Signed and Filed: March 22, 2020

Dennis Montali

DENNIS MONTALI
U.S. Bankruptcy Judge

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA

In re:) Bankruptcy Case
) No. 19-30088-DM
PG&E CORPORATION,)
) Chapter 11
 - and -)
) Jointly Administered
PACIFIC GAS AND ELECTRIC COMPANY,)
) Date: April 29, 2020
Debtors.) Time: 10:00 AM
) Place: Courtroom 17
☐ Affects PG&E Corporation) 450 Golden Gate Ave.
☐ Affects Pacific Gas and) 16th Floor
Electric Company) San Francisco, CA
☒ Affects both Debtors)
* All papers shall be filed in)
the Lead Case, No. 19-30088 (DM).)

**ORDER REGARDING MOTION FOR APPROVAL OF STIP, LTIP AND
PERFORMANCE METRICS**

On March 4, 2020, Debtors filed their 2020 EMPLOYEE
COMPENSATION MOTION ("Motion")(Dkt. No. 6088). The Motion is
complex and runs parallel, in part, to some aspects of more
complex proceedings ("The PLAN OII") before the California
Public Utilities Commission ("CPUC"). The Motion revisits, in
many respects, what the court previously dealt with and approved

1 as the 2019 STIP (Dkt. No. 1751), disapproved as the 2019 KEIP
2 (Dkt. No. 3773) and approved as the new Chief Executive
3 Officer's compensation package (Dkt. No. 3546).

4 The ink was still wet on AB 1054 and the Debtors had not
5 filed their plan or made peace with any of the major creditor
6 groups. Much has happened since then that suggests that Debtors
7 remain on track to achieve confirmation of their Chapter Plan by
8 June 30, 2020 and does not need to be recounted here. What is
9 relevant, however, is that the CPUC is dealing with many matters
10 that appear to overlap to some degree what is presented by the
11 Motion. See TCC Response (Dkt. No. 6358), at Exhibit A,
12 Appendix A, Para. 9.

13 The court is assured by Debtors that to the extent the CPUC
14 requires changes in these packages, they will "modify the 2020
15 STIP and the 2020 LTIP accordingly." Motion, at 24:4-7.
16 Certainly the same would be required if the CPUC ordered changes
17 to the CEO Compensation Metrics.

18 The TCC asks that this court await the outcome of the
19 CPUC's PLAN OII. That makes abundant sense. There is no doubt
20 that this court's focus on the bankruptcy aspects of the
21 Debtors' Chapter 11 reorganization is critical and necessary to
22 get them out on schedule. There is also no doubt that its
23 supervisory role is more limited to, and must give way to, the
24 broader responsibilities that remain with the Governor and the
25 CPUC, if not other authorities as well. The role of the court
26 to approve proposals embraced by the Motion is nearly pro-forma,
27 and were it to issue any ruling that was inconsistent with AB
28 1054, the PLAN OII or the CPUC's decision, unnecessary confusion

1 and delay might follow. The safer approach is to await
2 completion of the aspects of the PLAN OII that impact the
3 Motion.

4 Two further observations are appropriate. First, the TCC
5 properly notes that performance bonuses for the rank and file
6 appear in order, but suggests that the CPUC's judgment, not the
7 Debtors', must control. It also properly notes that it would be
8 unfair to employees to announce a compensation program that
9 would be subject to CPUC alternation. While this court doubts
10 that the CPUC is likely to alter the compensation of the "rank
11 and file", it defers to it to know best where to draw the line
12 that separates that large group from the "400 of the Debtors'
13 most senior employees, including the Senior Executives."
14 Motion, at 11:9-10.

15 Second, while Debtors argue in the Motion that the 2020
16 STIP and 2020 LTIP are not bonus plans (6:24-25), but are
17 incentive based, the TCC in its Response refers to "performance
18 bonuses" (2-19). Regardless of what they are, the tragedies
19 that have befallen millions of Northern Californians, and tens
20 of millions of Americans, and billions throughout the world in
21 past few weeks, the thousands of deaths, the hundreds of
22 thousands of infections, the billions in economic losses,
23 layoffs, business closures and immensurable non-economic
24 societal losses counsel against handing out bonuses (or what are
25 readily perceived as bonuses by the public) of any kind or label
26 at this time. The court knows well the commitment and
27 dedication of the thousands of PG&E employees who are hard at
28 work in their essential business of keeping the lights on and

1 keeping Northern California safe, while their children and
2 families are Sheltering at Home. Still, the court will not
3 permit that right now.

4 Accordingly, the Motion is CONTINUED to the regular PG&E
5 calendar on April 29, 2020 at 10:00 AM. One week prior, Debtors
6 are to supplement the Motion to inform the court and others of
7 any determination made by the CPUC relevant to the Motion, and
8 any amendments they deem appropriate.

9 ***END OF ORDER***